

PROSPECTUS

UNDER WHICH A CONCESSION CONTRACT WILL BE OPEN FOR COMPETITION
FOR THE OPERATION OF:

ALCATRAZ ISLAND WATER AND LAND TRANSPORTATION SERVICES
WITHIN
GOLDEN GATE NATIONAL RECREATION AREA

PROSPECTUS ISSUED: JUL 27 2004

OFFERS AND ANY MODIFICATIONS OF THEM MUST BE RECEIVED BY
THE NATIONAL PARK SERVICE

NO LATER THAN NOV 24 2004 AT
4:00P.M.

AT

NATIONAL PARK SERVICE
OFFICE OF CONCESSION PROGRAM MANAGEMENT
1111 JACKSON STREET, SUITE 700
OAKLAND, CALIFORNIA 94607
(510) 817-1368

ADDRESS ALL INQUIRIES IN WRITING TO:

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UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
NATIONAL PARK SERVICE

DOCUMENT PRINTED
ON RECYCLED PAPER

SUMMARY OF BUSINESS OPPORTUNITY
Concession Contract CC-GOGA001-05
Golden National Recreation Area
Alcatraz Island Water and Land Transportation

Nature of Business and Services Provided: This business opportunity is for the continuation of a full service water transportation system between the City of San Francisco and Alcatraz Island located within Golden Gate National Recreation Area. Additional services to be provided to the public include food and beverage service on the vessels and an ADA shuttle service on Alcatraz Island.

Operating Locations: The Concessioner will be required to provide and maintain, in the City of San Francisco, ticketing, visitor assembly, and departure facilities for transportation to Alcatraz, and maintain, on Alcatraz, visitor assembly and departure facilities.

Annual Gross Receipts by Department:

CATEGORY	2000	2001	2002
Alcatraz Tour	\$10,033,651	\$9,877,959	\$10,891,012
Audio Program	420,727	396,336	414,220
Snack Bar	517,000	418,608	305,744
Special Events	147,971	88,200	92,587

Annual Park Visitation: The visitation to the Alcatraz Island:

2003	1,335,804
2002	1,376,380
2001	1,267,930

Number of Employees: The current concessioner employs approximately 100 permanent and 25 seasonal staff for its operation under the current contract.

Term of New Contract: 10 years.

Proposed Minimum Franchise Fee: Twenty-one and one-half percent (21.5%)

Existing Concessioner: Blue and Gold Fleet, L.P.

Qualified Concession Contract/ Preferred Offeror: Under the provisions of 36 CFR Part 51, Subpart E and F, the Director has determined that the new concession contract

This summary is provided as a ready reference of key points for interested parties. It does not modify the Prospectus. The business opportunity is fully described in the Prospectus.

is not a qualified concession contract for the purpose of preferential right of renewal. It is anticipated that in the first year of the new contract gross receipts will exceed \$500,000 and the prior concession contract did not solely authorize or require the conduct of specialized outdoor recreation guide services. Therefore, no preferred Offeror for the new concession contract exists under the terms of 36 CFR Part 51.

INTRODUCTION

This solicitation is being conducted in accordance with the National Park Service Concessions Management Improvement Act of 1998 (16 U.S.C.5915 et seq.)

This Prospectus is being issued under the authority of 36 CFR Part 51. In the event of any inconsistency between the terms of the prospectus and 36 CFR Part 51, 36 CFR Part 51 will control. Additionally, in the event of any inconsistency between the terms of the Draft Contract and the Business Opportunity section, the attached Draft Contract will control.

This document describes the existing business and the business opportunity for the services to be authorized. Potential offerors are responsible for reviewing all sections of this Prospectus and, specifically, the terms and conditions of the attached Draft Contract, including its exhibits, to determine the full scope of a concessioner's responsibilities under the Draft Contract. All facilities and services to be authorized by the National Park Service are related to the operation of Alcatraz Island, a unit of Golden Gate National Recreation Area (GGNRA).

Close to the City of San Francisco by a short ferry ride, yet off-limits for years to the general public, this 22-acre island seems to capture almost everyone's imagination and is home to immense historic, cultural and natural resources. The Island's rich and diverse history was recognized in 1986 when it was designated as a National Historic Landmark on the National Register of Historic Places. The earliest construction on the Island began shortly after California was ceded from Mexico to the United States. Alcatraz was reshaped at that time to become a major component of the Civil War-era fortifications that protected San Francisco Bay from potential attacks. Shortly after the Civil War, the use of the Island changed from a military fortification to a military prison. It was then transferred to the Federal Penitentiary system in the early 1930s and was home to some of the most notorious prisoners in the country from 1933 to 1963 when it finally closed.

Another important historical period on Alcatraz occurred with the American Indian Movement occupation of the Island from 1969 to 1971. Although the occupation lasted only eighteen months, it is recognized now as one of the primary catalysts for the Native American civil rights movement in the United States.

The Island's significant cultural resources are delineated into four major sub-areas. They include the wharf complex, the cellhouse and lighthouse, the industries complex, and the parade ground. Other significant cultural resources include the roads and pathways and military defense structures.

Alcatraz is also significant for its wildlife. The Island is included within the Central California Coast International Biosphere Reserve and supports the most diverse

assemblage of marine and estuarine colonial nesting waterbirds in the San Francisco Bay. As many as 4,500 adults and chicks of seven different colonial nesting species may inhabit the Island during the nesting season. They include one of the largest colonies of black-crowned night herons in the greater San Francisco Bay region, significant colonies of pigeon guillemots, Brandt's and pelagic cormorants, and western gulls.

The demand to visit Alcatraz often far outstrips the available supply, most frequently during the period of mid-May through October, and during holiday periods. Visitation to the Island is year-round, currently operating at 3000 to 5000 visitors per day, depending upon the season (see appendix). As a result of the impacts of September 11, 2001 the National Park Service authorized an increase of 30 passengers per sailing, effective March 14, 2002, through October 2002. Otherwise, authorized visitation will remain as identified in Attachment 3, Exhibit A of the Operating Plan of the new concession contract or as determined by future park planning and National Environmental Policy Act (NEPA) processes to determine changes in visitor access and numbers.

The National Park Service is developing a long-range plan to determine how best to improve alternative water and land-based transportation to GGNRA areas. GGNRA is one of five national demonstration park units selected under the Department of the Interior/Department of Transportation 1997 Memorandum of Understanding to implement this long-range plan. The park is currently conducting a major planning effort for water shuttle access to three additional sites within GGNRA: Ft. Baker, Crissy Field, and Ft. Mason. The scoping of transportation alternatives and environmental and technical work on those alternatives is anticipated to result in a preferred alternative in the spring of 2006.

GGNRA has also begun the process of updating its General Management Plan (GMP). The GGNRA's current GMP was approved in 1980 and, while still relevant in many aspects, requires updating to reflect changes in resource status and National Park Service knowledge of these resources, as well as the addition of lands in San Mateo County that have occurred since 1980. This planning process, which will conclude in 2008, will result in a revised General Management Plan for the entire GGNRA, including its newly acquired lands in San Mateo County. The GGNRA is currently gathering data and conducting preliminary analyses to support the planning process. Public scoping is expected to begin in 2006, and a draft Environmental Impact Statement is expected to be released in 2008. The final plan is expected to be completed in 2009.

Per square foot, Alcatraz Island is among the most concentrated, intense, and complex operations in the National Park Service. While the National Park Service has full oversight and administrative authority, both the current concessioner, and the park's cooperating association, the Golden Gate National Parks Conservancy (GGNPC) play a crucial role in the operation of the Island. The concessioner is currently responsible for water transportation from the City of San Francisco to the Island, the land-based

accessibility shuttle service (Sustainable Easy Access Transport (SEAT)) to the Cell House, food and beverage service on the boats, as well as operation and maintenance of all the Island's utility and fire suppression systems, and security services. GGNPC is responsible for providing a full range of Island interpretive services including the audio tour program, publications, exhibit design, audio visual production, and docents for the evening program and special events.

The Island is dynamic and constantly changing. Major cultural and natural rehabilitation projects have been accomplished the past several years. New interpretive experiences such as the Island Hop Trip to Alcatraz and Angel Island, and evening programs for the public and special events have also been added. New major cultural rehabilitation projects and interpretive experiences will continue during the term of the new concession contract. Coupled with intense ongoing daily visitation, this will present significant operational challenges for the concessioner.

CURRENT OPERATIONS

Staffing

- National Park Service staff consists of approximately 10 permanent employees dedicated specifically to the operation of Alcatraz Island. Many others provide on-going advice, guidance and oversight.
- The current concessioner has approximately 100 permanent and 25 seasonal employees dedicated to providing service under the current contract.
- GGNPC has permanent and seasonal staff dedicated to the Alcatraz operation.
- At any one time there are also approximately 25 volunteers who provide assistance to the Island.

Existing Contract

The existing contract, as extended, expires on December 31, 2004. The existing concessioner is Blue and Gold Fleet L.P. The National Park Service has determined, in accordance with 36 CFR Part 51, §51.37, that the new concession contract is not a qualified concession contract for right of preference purposes as the anticipated annual gross receipts are expected to exceed \$500,000 in the first 12 months of the new concession contract. Therefore, a preferred offeror does not exist for purposes of exercising a right of preference to the award of a new concession contract. This solicitation for a new contract is fully competitive as provided for in PL 105-391. All

interested parties must apply and must submit a responsive proposal in response to this prospectus.

Basic Financial Information

Historically, this business has been generally consistent from year to year in its reported revenue. The following basic financial information provided is in accordance with 36 CFR Part 51:

Gross Receipts By Department

CATEGORY	2000	2001	2002
Alcatraz Tour	\$10,033,651	\$9,877,959	\$10,836,671
Audio Program	420,727(1)	396,336(1)	414,220(1)
Snack Bar	0(2)	0(2)	0(2)
Special Events	147,971	88,200	92,587
Telesales/Reservations Fee	(3)	(3)	(3)

(1) Excluded from calculation of franchise fee. Will be included in gross receipts for calculation of franchise fee in new contract.

(2) Snack Bar operation was sub-contracted in mid-1999. 2000 sales = \$517,000; 2001 sales = \$418,608; 2002 sales = \$305,744. Sub-concession sales were not included in the concessioner gross receipts. However, fees were remitted in accordance with Sec. 14 of the existing contract.

(3) Telesales/reservation fees were excluded from calculation of franchise fee. Effective July 1, 2003 this category was eliminated as distinct revenue in the concession contract. See ticket prices effective July 1, 2003 – Attachment 1, Exhibit A of the Operating Plan.

Franchise Fees

2000	2001	2002
\$ 1,192,421	\$ 1,256,017	\$1,318,032

Depreciable Fixed Assets

2000	2001	2002
\$ 6,162,679	\$ 6,582,459	\$ 7,045,020

Net Depreciable Fixed Assets

2000	2001	2002
\$ 5,892,637	\$ 6,307,277	\$ 6,770,369

Merchandise Inventory

2000	2001	2002
\$ 76,426	\$ 69,659	\$ 50,091

The boat transportation rate as displayed in Attachment 1, Exhibit A of the Operating Plan should be used as the base price for the water transportation service in determining future projections.

The proposal package requires offerors to develop financial projections based upon the business to be operated pursuant to the new concession contract. In order to assist the offerors in the development of their proposal, baseline projections for the services to be provided under the new contract are presented below. Some or all of these projections may not materialize and unanticipated events may occur that will affect these projections. Offerors should be appropriately cautious in the use of all operating estimates. Offerors are responsible for producing their own prospective financial analysis and may not rely on National Park Service projections. The National Park Service does not warrant and assumes no liability for the accuracy of the financial projections or estimates contained in this prospectus.

Alcatraz Tour Services Concession Estimated and Projected Concession Gross Receipts				
		2003 Estimated	2004 Projected	2005 Projected
Ferry and Cell house Audio		\$12,279,819	\$13,777,479	\$16,640,325
Photography		\$ 1,093,429	\$ 1,196,460	\$ 1,232,354
Food & Beverage		\$ 434,783	\$ 441,257	\$ 454,495
Total revenues		\$13,808,031	\$15,415,196	\$18,327,174
Per-Passenger Concession Sales Gross Receipts				
		2003 Estimated	2004 Projected	2005 Projected
Adult with Audio		\$8.45 to \$10.70	\$10.70	\$12.95
Child with Audio		\$7.00 to \$ 7.45	\$ 7.45	\$ 7.45
Senior with Audio		\$6.70 to \$ 8.95	\$ 8.95	\$11.45

THE BUSINESS TO BE OPERATED

Future Operations

The current level of transportation services will continue for the new concession contract and is outlined in Section 3 of the contract. The primary required service is water transportation from the City of San Francisco to Alcatraz Island. The current passenger capacity for each run to Alcatraz is identified in Attachment 3 of the Operating Plan, Exhibit A of the new concession contract; however, return capacities are flexible up to the capacity of the vessel(s). Additional required services are the land-based shuttle service (Sustainable Easy Access Transport (SEAT)) for persons with disabilities to the Cell House, and food and beverage service on the vessels. The NPS will provide the vehicles for the SEAT service. The concessioner also will be required to provide, in the City of San Francisco, ticketing, visitor assembly and departure facilities for boat trips to the Island. An authorized optional service is the taking and selling of photographs of visitors to Alcatraz Island, operating only at the City of San Francisco departure point. Specific operating and maintenance requirements are detailed in the Operating and Maintenance Plans (exhibits A and E of the new concession contract).

The current concessioner has provided all facilities for the services required within the City of San Francisco (mainland). Ticketing, visitor assembly, and departure facilities for transportation to Alcatraz Island are located on property leased from the Port of San Francisco. The concessioner under the new concession contract similarly will be required to provide the facilities necessary to meet these requirements as outlined in Section 3 of the new concession contract. The Port of San Francisco manages the waterfront properties that would meet the requirements for the ticketing, visitor assembly, and departure facilities. The Port of San Francisco lease with the current concessioner assesses a monthly percentage rental fee of 7% of gross receipts (with a minimum rental) for the use of such waterfront property. Information regarding leasing opportunities may be obtained by contacting the Port of San Francisco's Leasing Department at (415) 274-0514.

Certain services on Alcatraz previously were provided by the concessioner. These services are identified in Amendment 2 of the Current Concession Contract: Item 1 SECTION 2(a) 12,13,14,15,16, item 4 section 7 (b)(2) (see Appendix). With the exceptions of the delivery of potable water (restroom handwashing and drinking fountains) and the removal of sewage, both of which will continue to be provided by the concessioner, the above services will be provided separately, pursuant to a procurement contract(s), in accordance with Federal Acquisition Regulations, or other instrument. The concessioner pursuant to the new concession contract will be required to work closely with each Island entity, including but not limited to the selected party who provides these services, to assure a seamless operation that provides a continual high level of quality services to park visitors and for resource protection.

The new concession contract provides for a ten-year continuation of the Alcatraz transportation services.

As a result of the alternative transportation planning, the GMP update, or any other planning, the National Park Service, if appropriate, may enter into negotiations with the concessioner for additional services. However, the National Park Service may also provide any additional services through a separate contract or separate regulations.

Environmental Management

The concessioner will develop, document, implement, and comply fully with a comprehensive written Environmental Management Program (EMP) to achieve Environmental Management Objectives. The initial EMP shall be developed and submitted to the Director for approval within sixty days of the effective date of the new concession contract. (See contract, section 6).

The EMP, in meeting the objectives of complying with Applicable Laws and implementing Best Management Practices, will include how the concessioner will self-assess its performance under the EMP. The self-assessment should ensure the concessioner's conformance with the Environmental Management Objectives and measure performance against environmental goals and targets. The EMP shall also describe procedures to be taken by the concessioner to correct any deficiencies identified by the self-assessment.

Alcatraz provides an exceptional opportunity to demonstrate environmental leadership, particularly for the services required under the new concession contract. GGNRA expects the concessioner to implement and showcase sustainable practices, to the maximum extent practicable, throughout its entire operation. This will include energy conservation and use of alternative renewable energy sources and technologies, recycling and use of recycled products, solid waste management, pollution prevention, and integrated pest management. Vessel propulsion technologies are quickly and continually evolving and are expected to be implemented on vessels serving the contract in a proactive and ongoing program.

Concession Facilities

The assigned land and real property improvements are described in Exhibit C to the new concession contract. Insurance replacement costs are shown in Exhibit F.

Maintenance

The new concession contract will require the concessioner to be responsible for operation, maintenance, and repairs of all facilities and equipment utilized for meeting contractual requirements including, but not limited to, water and land-based transportation systems. Requirements are outlined in the new concession contract and Exhibit E, Maintenance Plan.

Utilities

It is anticipated the concessioner will only need to utilize electrical service for its operations on Alcatraz, which includes dock operations and the on-island electrical transportation services (SEAT). The concessioner will be required to obtain electrical service directly from the provider.

NOTE: As discussed earlier, the concessioner will be required to provide the delivery of potable water for restroom handwashing and drinking fountains, and the removal of related sewage from the Island.

TERM AND EFFECTIVE DATE OF NEW CONCESSION CONTRACT

The new contract will be for a term of ten (10) years from the effective date of the new contract which is anticipated to be approximately eight months from the prospectus release date. The effective date is subject to change prior to contract award if determined necessary by the NPS due to transfer timing issues. The new concession contract will be awarded when both the Director and the selected offeror have fully executed the contract.

FRANCHISE FEE

The minimum franchise for the new concession contract is twenty-one and one-half percent (21.5%) of annual gross receipts. However, offerors may propose a higher minimum franchise fee in accordance with the terms of the prospectus.

PROPERTY OWNERSHIP AND PURCHASE**Possessory interest**

There is no possessory interest to be purchased under this solicitation action.

Personal Property

There is no requirement in the current contract for purchase of personal property from the existing concessioner.

Merchandise and Supplies

There is no requirement in the current contract to purchase merchandise.

SITE VISITS

On-site tours of Alcatraz Island will be conducted several times during the solicitation of offers. Expect to spend approximately one-half day. Please contact Mr. Robert Cirese at (415) 561-4943 to confirm schedule and attendance.